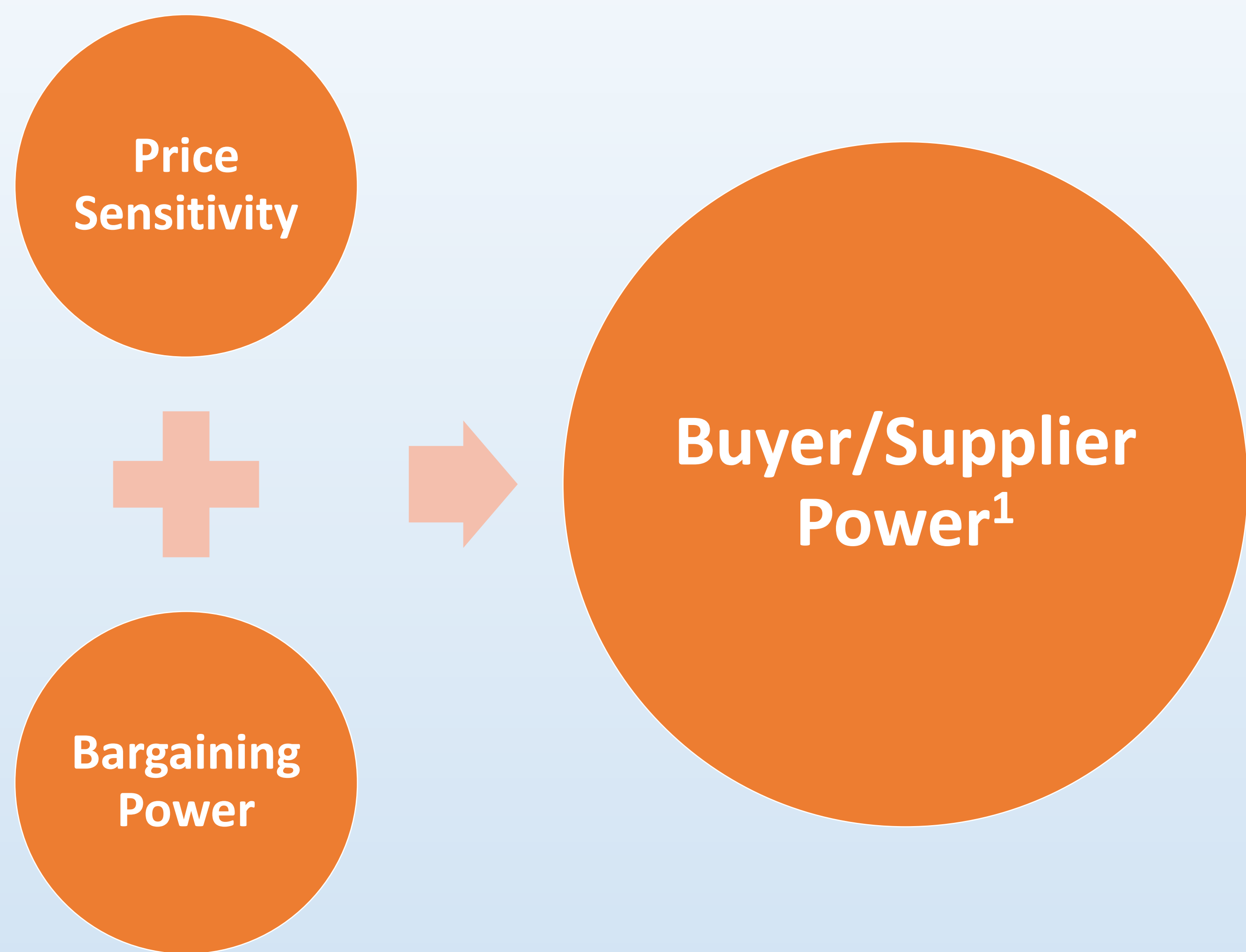


Creating Relative Bargaining Power Through Information When Approaching Vendor Negotiations



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Use information to understand your collection

Factor that creates buyer/supplier power	Metric
Price sensitivity	Average annual increase/decrease of price at 3 and 5 years
	% of spend
Importance to the buyer	Cost/Use
	Core resource?
Product differentiation & competition	Availability of substitutes

Data to collect:

- ☐ Budget
- ☐ Pricing going back at least 5 years
- ☐ Usage data for at least previous year
- ☐ What resources are critical for teaching and research (core resource)
- ☐ What other options are available (substitutes)
 - Open access
 - On demand services
 - Competitive offerings

Gather and analyze data within a spreadsheet tool e.g. MS Excel or Google Sheets

Libraries create relative bargaining power through...	
Strategy	Library Practice
Size and concentration	Consortia, Internal partnerships
Vertical integration	Library publishing, Open access, Scholarly repositories, OER
Information	Collection analysis, Negotiation planning

Method for setting negotiation priorities

1. What is the goal?

- ☐ Collection maintenance or budget cuts?
- ☐ Set average annual price increase thresholds—dependent on goals; perhaps 5%.

2. Examine the data

- ☐ Flag databases as **above threshold** if their average annual increase is greater.
- ☐ Sort data in descending order by % of spend.
- ☐ Apply **80% rule**. Flag for review databases that contribute to the first 80% of spend.
- ☐ Determine priorities for negotiations: Identify databases that have **both flags**.

3. Now consider other data

- ☐ Are any of the flagged resources core resources?
 - If yes, seek a longer contract at a lower price. **Guaranteeing cash flow!**
- ☐ What substitutes are available?
- ☐ Examine usage and cost/use.
 - Scale back/cancel?
 - Can you switch users to alternatives?

Planning a database negotiation

Use your analysis to determine:

- Range between ideal price and the walk away point
- Know your options – determine your BATNA (best alternative to negotiated agreement)²

References

1. Porter, M. E. (2008). The Five Competitive Forces That Shape Strategy. Harvard Business Review, 86(1), 78–93.
2. Fisher, R. and William Ury, W. (1983). Getting to Yes: Negotiating Agreement Without Giving In, New York: Penguin Books.